

**Hearing Date: May 21, 2019 at 10:00 a.m.**  
**Objection Deadline: May 14, 2019 at 4:00 p.m.**

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*Co-Counsel for PECO Energy Company*

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

**In re:**

**SEARS HOLDINGS CORPORATION, *et al.*,**

**Debtors.**

)  
) **Chapter 11**  
)  
) **Case No. 18-23538 (RDD)**  
)  
) **(Jointly Administered)**  
)

**APPLICATION OF PECO ENERGY COMPANY FOR  
ALLOWANCE AND PAYMENT OF ADMINISTRATIVE EXPENSES**

PECO Energy Company ("PECO"), a post-petition creditor in the above-captioned  
bankruptcy proceeding, by counsel, for its *Application For Allowance and Payment of*

*Administrative Expenses* (the “PECO Administrative Expense Claim”) for the provision of post-petition electricity and related services to the Debtor that has been billed by PECO but remains unpaid, states as follows:

**Jurisdiction and Venue**

1. This Court has jurisdiction over this Motion under 28 U.S.C. § 1334(b) and 11 U.S.C. § 366(c).
2. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2)(A).
3. Venue of this Motion is proper in this district pursuant to 28 U.S.C. § 1409.

**Procedural Facts**

4. On October 15, 2018 (the “Petition Date”), the Debtors commenced their cases under Chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”) that are now pending with this Court. The Debtors continue to operate their businesses and manage their properties as debtors in possession pursuant to Bankruptcy Code sections 1107(a) and 1108.
5. The Debtors’ chapter 11 bankruptcy cases are being jointly-administered.
6. On October 18, 2018, the Debtors filed the *Motion of Debtors Requesting Entry of an Order (I) Approving Debtors’ Proposed Form of Adequate Assurance of Payment To Utility Providers, (II) Establishing Procedures For Determining Adequate Assurance of Payment For Future Utility Services, and (III) Prohibiting Utility Providers From Altering, Refusing, or Discontinuing Utility Service* (the “Utility Motion”) (Docket No. 196).
7. On November 5, 2018, the Court entered the Utility Order approving the Utility Motion.
8. According to Exhibit 1 to Exhibit 2 to the Utility Order (Page 112), the Debtors only placed \$243.87 into the Adequate Assurance Account for PECO even though the Debtors’

average monthly utility charges with PECO totaled approximately \$172,115. As such, the Utility Bank Account should have contained at least \$86,058 (one-half of \$172,115) on behalf of PECO. The Debtors presumably only placed \$243.87 into the Utility Bank Account on behalf of PECO because it held prepetition security in the form of letters of credit. However, as discussed below, PECO made claims upon the prepetition security for prepetition debts that exceeded the prepetition security.

### **Facts Regarding PECO**

9. PECO is a regulated utility company providing utility services to its customers in the Commonwealth of Pennsylvania.

10. PECO provided pre-petition utility services to the Debtors.

11. PECO was the beneficiary of an Irrevocable Standby Letter of Credit in the amount of \$20,253 that secured Sears, Roebuck and Company (“Sears”) accounts with PECO (the “Sears LOC”). PECO made a demand for payment on the Sears LOC in the amount of \$20,253, which was paid by the bank.

12. PECO was also the beneficiary of an Irrevocable Standby Letter of Credit in the amount of \$116,964 that secured Kmart Corp. (“Sears”) accounts with PECO (the “Kmart LOC”). PECO made a demand for payment on the Kmart LOC in the amount of \$116,964, which was paid by the bank.

13. PECO has continued to provide post-petition electricity and related services to the Debtors pursuant to applicable state law tariffs, regulations and laws from the Petition Date, and continues to provide the Debtors with post-petition electric and related services.

14. On March 21, 2019, PECO issued an invoice in the amount of \$2,971.51 on the K-Mart account with PECO ending in 0403 for charges from February 20, 2019 to March 21,

2019, which had an April 12, 2019 due date. PECO has not received payment for the foregoing invoice.

15. On April 11, 2019, PECO issued an invoice in the amount of \$4,432.97 on the K-Mart account with PECO ending in 0403 for current charges from March 21, 2019 to April 10, 2019 in the amount of \$1,461.46 and past-due charges of \$2,971.51, which has a May 3, 2019 due date.

16. On March 27, 2019, PECO issued an invoice in the amount of \$3,526.87 on the K-Mart account with PECO ending in 1905 for charges from February 25, 2019 to March 26, 2019, which had an April 12, 2019 due date. PECO has not received payment for the foregoing invoice.

17. On March 28, 2019, PECO issued an invoice in the amount of \$1,854.93 on the K-Mart account with PECO ending in 0706 which had an April 22, 2019 due date. PECO has not received payment for the foregoing invoice.

18. On April 26, 2019, PECO issued an invoice in the amount of \$1,945.49 on the K-Mart account with PECO ending in 1302 for charges for service through April 1, 2019.

19. Unpaid post-petition utility charges that the Debtors owe to PECO total \$11,760.26.

20. Attached as Exhibit 1 to this Application is the Declaration of Lisa R. Holland stating that the amounts due have not been paid as of the date of her Declaration.

WHEREFORE, PECO respectfully requests that this Court enter an order:

- A. Approving the allowance and immediate payment of the PECO Administrative Expense Claim in the amount \$11,760.26 for billed but unpaid post-petition charges; and
- B. Providing such other and further relief as the Court deems just and appropriate.

Dated: Garden City, New York  
May 1, 2019

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